Government of Saskatchewan

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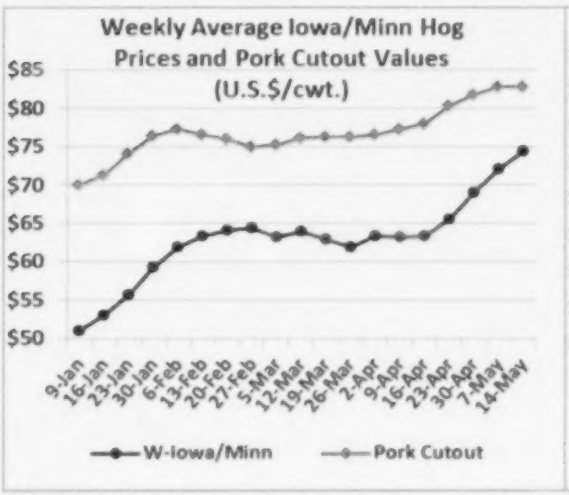
# Weekly Hog Report

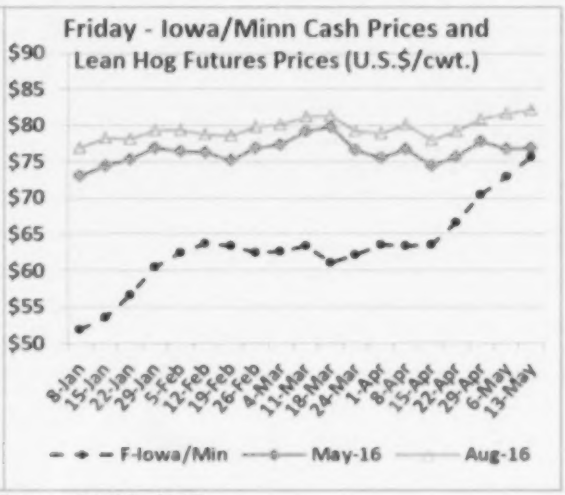
May 16, 2016

**Cash Slaughter Weight Hog Prices**

United States daily average cash hog prices (Iowa/Minn) continued to edge higher last week ending Friday higher, week-over-week. Hog prices on Friday May 13 averaged US$75.72 per cwt, up US$2.86 per cwt or 3.9 per cent from US$72.86 per cwt the previous Friday. The negotiated base price last week averaged US$74.29 per cwt, up US$2.24 per cwt or 3.1 per cent from US$72.05 per cwt the previous week. Hog prices moved higher with strong pork demand and lower weekly hog slaughter numbers.




Source: LMIC




Source: LMIC, CME

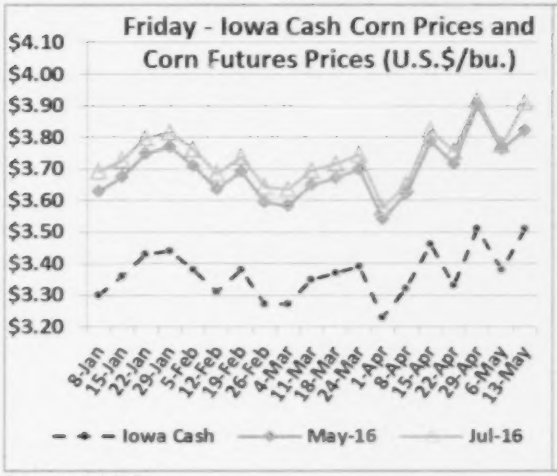
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday May 13, 2016 was $177.83 per ckg, up $7.80 per ckg or 4.6 per cent from $170.03 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $174.21 per ckg, up $7.75 per ckg or 4.7 per cent from the previous weeks' average price of $166.46 per ckg. The Canadian dollar edged lower last week after bigger declines the previous week closing Friday at 77.31 cents, down 0.10 cents from 77.41 cents the previous Friday.

**Futures Markets**

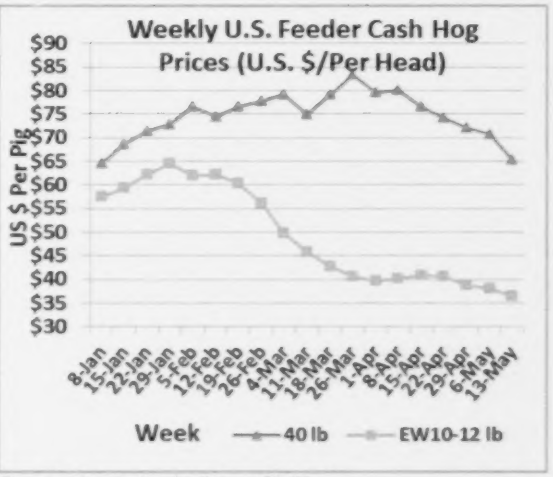
United States lean hog futures daily prices were mixed last week with relatively only small changes, week-over-week. The May-to-August 2016 lean hog futures contracts increased between US$0.050 per cwt and US$0.675 per cwt. The June contract increased US$0.675 per cwt to settle Friday at US$81.950 per cwt, while the August contract increased US$0.500 per cwt to settle Friday at US$82.125 per cwt.

**Cash Feeder Hog Prices**

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices continued lower last week. Weighted average cash prices for iso-weans (12lb) last week were US$36.40 per head, down US$1.65 per head from US$38.05 per head the previous week. Feeders (40lb) averaged US$65.34 per head, down $5.30 per head from US$70.64 per head, the previous week.




Source: LMIC




Source: Iowa Agriculture, CME

U.S corn prices continued to bounce around up and down and were higher last week. Iowa cash corn prices increased thirteen cents to settle Friday at US$3.51 per bushel. U.S. daily corn futures prices were volatile over the week with big up and down days to end the week higher, week-over-week. The May 2016 corn contract increased six cents per bushel to settle Friday at US$3.82 per bushel, while the July 2016 contract increased over thirteen cents to settle Friday at US$3.90¾ per bushel.

**Hogs Slaughtered**

U.S. hogs slaughtered under federal inspection for the week ending May 14 were estimated 2.160 million head, down 2.4 per cent from 2.214 million head the previous week, but up 1.6 per cent from 2.125 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending May 14 averaged 2.186 million head per week, up 2.2 per cent from 2.138 million head the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending May 7, 2016 were estimated at 400,222 head, down 1.2 per cent from 405,280 head the previous week, and down 1.1 per cent from 404,874 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 405,525 head, down 0.4 per cent from 407,176 head over the same period in 2015. Year-to-date, hogs slaughtered in Canada in 2016 have totaled 7,489,792 head, up 3.1 per cent from 7,265,396 head over the same period in 2015.

**Meat Production**

U.S. pork production for the week ending May 14, 2016 was estimated at 461.2 million lb., down 2.5 per cent from 472.9 million lb. the previous week, but up 1.8 per cent from 452.9 million lb. the same week a year ago. Pork production over the last four week's ending May 14 was estimated to average 466.8 million lb., up 2.4 per cent from 455.8 million lb. over the same four week period a year ago.

U.S. beef production for the week ending May 14 was estimated at 490.5 million lb., up 2.1 per cent from 480.6 million lb. the previous week, and up 6.1 per cent from 462.1 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending May 7, 2016, was estimated to average 2.061 billion lb., up 2.7 per cent from 2.006 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.2 per cent compared to the same period in 2015.

**United States Weekly Meat Production**

| (May 7) Four Week Average - Million Lb. | | | Percent Change | |
|---|---|---|---|---|
| | 2015 | 2016 | 4 Week | YTD 2016 |
| Pork | 462.3 | 468.7 | 1.4% | 0.1% |
| Beef | 449.9 | 472.2 | 5.0% | 3.8% |
| Chicken | 964.4 | 985.8 | 2.2% | 2.9% |
| Turkey | 129.7 | 134.1 | 3.4% | -0.2% |
| **Total** | **2,006.2** | **2,060.8** | **2.72%** | **2.22%** |

Source: LMIC

**Cutout Values**

U.S. national pork cutout values for the week ending May 14, 2016 averaged US$82.81 per cwt, up slightly from US$82.71 per cwt the previous week, but down 0.4 per cent from US$83.18 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending May 14, 2016 averaged US$213.00 per cwt over the week, up US$7.28 per cwt or 3.5 per cent from US$205.72 per cwt the previous week, but down 18.7 per cent from US$262.07 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending May 14, 2016 averaged US$127.11 per cwt, up 2.0 per cent from US$124.58 per cwt the previous week, but down 23.9 per cent from US$166.95 per cwt the same week a year ago.

**USDA World Agricultural Supply and Demand Estimates (WASDE)**

On May 10, the USDA released the May World Agricultural Supply and Demand Estimates (WASDE). The U.S corn acreage for 2016/17 from the March Prospective Plantings report is estimated at 93.6 million acres with production estimates of 14.4 billion bushels, over five million acres higher (+6%) from the previous year's acres planted. U.S. corn prices are estimated to range from US$3.05 to US$3.65 per bushel. Global corn production for 2016/17 is estimated to increase by over four per cent or 42 million metric tons to 1,011 million metric tons.

The May USDA WASDE report revised the 2016 United States Red Meat and Poultry production estimates to 97.577 billion lb., a slight decrease from the April estimates, but still a 3.1 per cent increase from 2015 production. Pork production estimates for 2016 were estimated at 24.990 billion lb. in May, up slightly from the April 2016 estimates, and overall 2.0 per cent higher than 2015 pork production.

**USDA May World Agricultural Supply and Demand Estimates**

| | | Million Pounds | | | | Total Red Meat & Poultry |
|---|---|---|---|---|---|---|
| | Quarter | Beef | Pork | Broiler | Turkey | |
| **2013** | **Annual** | **25,720** | **23,187** | **37,830** | **5,806** | **93,333** |
| **2014** | **Annual** | **24,252** | **22,843** | **38,550** | **5,756** | **92,171** |
| **2015** | **Annual** | **23,698** | **24,501** | **40,048** | **5,627** | **94,630** |
| **% Chg.** | **2014-2015** | **-2.28%** | **7.26%** | **3.89%** | **-2.24%** | **2.67%** |
| **2016** | April Proj. | 24,825 | 24,970 | 41,100 | 6,010 | 97,677 |
| **2016** | **May Proj.** | **24,810** | **24,990** | **41,038** | **5,959** | **97,577** |
| % Chg. | Apr.- May.16 | -0.06% | 0.08% | -0.15% | -0.85% | **-0.10%** |
| **% Chg.** | **2015-2016** | **4.69%** | **2.00%** | **2.47%** | **5.90%** | **3.11%** |

Source: USDA May WASDE Report, May 10, 2016

United States meat production for 2016 is projected to increase 3.1 per cent from 94.630 billion lb. in 2015 to 97.577 billion lb. in 2016. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+5.9%) and beef (+4.7%), followed by broilers (+2.5%) and pork (+2.0%). (Source: USDA WASDE)

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